PROVINCE OF SASKATCHEWAN

08-09

ANNUAL REPORT

MINISTRY OF AGRICULTURE

Agri-Food Innovation Fund

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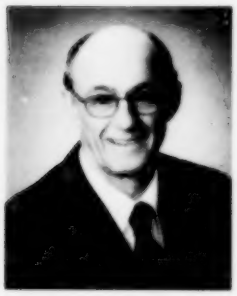
This annual report is also available in an electronic format from Saskatchewan Agriculture's website at **www.agriculture.gov.sk.ca**

Letters of Transmittal



His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

I respectfully submit the Annual Report of the Agri-Food Innovation Fund for the fiscal year ending March 31, 2009.

Bob Bjornerud
Minister of Agriculture

The Honourable Bob Bjornerud
Minister of Agriculture

I have the honour of submitting the Annual Report of the Agri-Food Innovation Fund for the fiscal year ending March 31, 2009.

Abdul Jalil
Chair
Board of Directors
Agri-Food Innovation Fund

Board of Directors

Mr. Abdul Jalil, Chair
Director, Agriculture Research Branch
Saskatchewan Ministry of Agriculture

Mr. Don Russell, Director
Mr. Louis Hradecki, Director
Ms. Linda Pipke, Director

Management services are provided through the Agriculture Research Branch of the Saskatchewan Ministry of Agriculture.

AFIF Activities

When the Canada-Saskatchewan AFIF Agreement concluded on March 31, 2003, a new Saskatchewan board of directors was appointed under *The Saskatchewan Agri-Food Innovation Act*.

This board has continued to manage the fund's ongoing business, and ongoing contractual obligations entered into under the agreement.

All projects have now been completed.

During the 12-month period ending March 31, 2009, AFIF extended $555.

The Agri-Food Innovation Act was repealed on March 31st, 2009 and surplus funds of $1,189,921 were transferred to the General Revenue Fund.

Agri-Food Innovation Fund

Financial Statements For the Year Ended March 31, 2009

Abdul Jalil
Chair
Board of Directors
Agri-Food Innovation Fund
May 21, 2009

Board of Directors' Report

To Members of the Legislative Assembly of Saskatchewan:

The Board of Directors of the Agri-Food Innovation Fund of Saskatchewan is responsible for the integrity of the accompanying financial statements and all other information in this 2008-09 annual report. It is the responsibility of management to prepare financial statements in accordance with generally accepted accounting principles in Canada.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are appropriately recorded in order to permit preparation of financial statements; and, assets are properly accounted for and safe-guarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The financial statements have been audited by the Provincial Auditor of Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinions on the financial statements, appears on the following pages.

AGRI-FOOD INNOVATION FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2009

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Agri-Food Innovation Fund as at March 31, 2009 and the statements of operations and accumulated surplus, change in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 3, 2009

Fred Wendel, CMA, CA
Provincial Auditor

AGRI-FOOD INNOVATION FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2009	2008
FINANCIAL ASSETS		
Due from General Revenue Fund (Notes 4 & 5)	$ ---	$ 1,187,277
Interest receivable (Notes 4 & 5)	---	10,433
	---	1,197,710
LIABILITIES		
Accounts payable	---	30,683
NET FINANCIAL ASSETS (Statement 3)	---	1,167,027
NON-FINANCIAL ASSETS		
Prepaid expenses	---	318
ACCUMULATED SURPLUS (Statement 2)	$ ---	$ 1,167,345

(See accompanying notes to the financial statements)

AGRI-FOOD INNOVATION FUND
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31

	2009	2008
Revenue		
Interest revenue (Notes 4 & 5)	$ 23,131	$ 52,245
Miscellaneous	---	4
Total revenue	23,131	52,249
Expenses		
Contractual services - Strategic Projects	---	401,940
Office Supplies	50	---
Board expenses	505	683
Total expenses (Note 6)	555	402,623
Surplus (deficit) for the year	22,576	(350,374)
Accumulated surplus, beginning of year	1,167,345	1,517,719
Transfer to General Revenue Fund (Note 4)	(1,189,921)	---
Accumulated surplus, end of year (Statement 1)	$ ---	$ 1,167,345

(See accompanying notes to the financial statements)

Statement 3

AGRI-FOOD INNOVATION FUND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year Ended March 31

	2009	2008
Surplus (deficit) for the year	$ 22,576	$ (350,374)
Net decrease in prepaid expenses	318	76,603
	22,894	(273,771)
Net financial assets, beginning of year	1,167,027	1,440,798
Transfer to General Revenue Fund (Note 4)	(1,189,921)	---
Net financial assets, end of year (Statement 1)	$ ---	$ 1,167,027

Statement 4

AGRI-FOOD INNOVATION FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2009	2008
Cash flows from operating activities:		
Refunds from contractors	$ ---	$ 4,663
Interest received	30,408	56,648
Payments to contractors and suppliers	(30,733)	(300,016)
	(325)	(238,705)
Cash flows from financing activities:		
Cash transferred to General Revenue Fund (Note 4)	(1,186,952)	---
Net decrease in cash and cash equivalents	(1,187,277)	(238,705)
Cash and cash equivalents, beginning of year (Note 2 (c))	1,187,277	1,425,982
Cash and cash equivalents, end of year (Note 2 (c))	$ ---	$ 1,187,277

(See accompanying notes to the financial statements)

AGRI-FOOD INNOVATION FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009

1. Authority and Definition

The Agri-Food Innovation Fund (Fund) was established effective March 31, 1995 pursuant to Section 3 of *The Agri-Food Innovation Act* as a corporation. The purpose of the Fund is to enhance the diversification of the Saskatchewan agriculture and food industry, support research and development and encourage farmers and rural residents to create economic opportunities and jobs.

On September 25, 1995, the Government of Saskatchewan entered into the Canada-Saskatchewan Agri-Food Innovation Agreement (Agreement) with the Government of Canada to achieve this purpose. On March 31, 2003, the Agreement with the Government of Canada expired. The Fund continues to administer the remaining provincial funding.

The Fund is administered by the Agri-Food Innovation Fund Board.

The Board has entered into contracts with various contractors to carry out projects for the purpose outlined above.

The Agri-Food Innovation Act was repealed effective March 31, 2009. As a result, the Fund was required to return its remaining net financial assets to the General Revenue Fund (See note 4).

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The following accounting principles are considered significant:

a) Revenue Recognition

Interest income is recognized as revenue when earned.

b) Receivables/Payables

These financial instruments are both interest and non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of amounts due from the General Revenue Fund.

3. Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Such estimates relate to contractual services – strategic projects expense. Actual results could differ from those estimates and would impact the results reported in future periods.

4. Related Party Transactions

All Government of Saskatchewan agencies such as ministries, corporations, boards and commissions are related since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $23,131 (2008 - $52,245) on monies deposited in the General Revenue Fund.

In accordance with Section 9 of *The Agri-Food Innovation Act*, the Minister of Agriculture may provide to the Fund any supplies and employee services required to carry out its responsibilities. The Fund received office space and administrative services from Saskatchewan Agriculture without charge.

During the year, the Fund did not incur any expenses (2008 - $330,000) to related parties.

On March 31, 2009, the Fund returned its remaining net financial assets to the General Revenue Fund. The transfer was comprised as follows:

Cash	$ 1,186,952
Accounts receivable	3,474
Accounts payable	(505)
Net financial assets	$ 1,189,921

5. Due From General Revenue Fund

The monies of the Agri-Food Innovation Fund are deposited in the General Revenue Fund. The Agri-Food Innovation Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Agri-Food Innovation Fund's daily balance. The average thirty day borrowing rate for the year was 1.95% (2008 – 4.08%).

6. Comparison of Planned and Actual Results for the Year Ended March 31, 2009

	Budget	Actual
Expenses:		
Board expenses	$ 1,000	$ 505
Contractual services - Strategic Projects	1,187,273	0
Communication activities	1,000	50
	$ 1,189,273	$ 555

The Board approved the budget for expenses at its March 2008 meeting.

Schedule 1

AGRI-FOOD INNOVATION FUND
DETAILS OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	2009
Supplier Payments	
Payees under $5,000	$ 555
Total Supplier Payments	555
Total	$ 555